



# **CHRISTIAN RELIEF SERVICES, INC.**

## **Financial Statements**

*For the Year Ended June 30, 2019*

*(With Summarized Financial Information for the Year Ended June 30, 2018)*



**and  
Report Thereon**



**CHRISTIAN RELIEF SERVICES, INC.**

**TABLE OF CONTENTS**  
**For the Year Ended June 30, 2019**

---

	<i><b>Page</b></i>
Independent Auditors' Report.....	1-2
Financial Statements	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-15

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Christian Relief Services, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Christian Relief Services, Inc. (the Organization), an affiliate of Christian Relief Services Charities, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued

- 1 -

***Opinion***

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of Christian Relief Services, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

The Organization's 2018 financial statements were audited by Raffa, P.C., whose practice was combined with Marcum LLP, and whose report dated October 16, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
November 5, 2019

**CHRISTIAN RELIEF SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2019**  
**(With Summarized Financial Information as of June 30, 2018)**

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 791,830	\$ 609,777
Grants and contributions receivable, net	61,067	83,461
Accounts receivable	6,114	7,482
Due from affiliates	1,118	43,949
Contributed relief materials inventory	197,525	149,895
Prepaid expenses and other	13,558	15,549
Property and equipment, net	32,686	43,002
TOTAL ASSETS	\$ 1,103,898	\$ 953,115
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 198,273	\$ 175,225
Line of credit payable	-	650,000
Due to affiliates	4,683	295,757
Security deposits	18,054	18,254
TOTAL LIABILITIES	221,010	1,139,236
<b>Net Assets</b>		
Net assets without donor restrictions	871,427	(199,152)
Net assets with donor restrictions	11,461	13,031
TOTAL NET ASSETS (DEFICIT)	882,888	(186,121)
TOTAL LIABILITIES AND NET ASSETS	\$ 1,103,898	\$ 953,115

The accompanying notes are an integral part of these financial statements.

**CHRISTIAN RELIEF SERVICES, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2019**

**(With Summarized Financial Information for the Year Ended June 30, 2018)**

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE</b>				
Noncash contributions	\$ 13,351,564	\$ -	\$ 13,351,564	\$ 17,303,193
Cash contributions	5,067,654	119,290	5,186,944	3,909,856
Cash contributions from affiliates	2,411,493	1,900,000	4,311,493	3,576,558
Donated housing	728,400	-	728,400	697,200
Wills and bequests	-	259,866	259,866	1,108,051
Government grants	259,266	-	259,266	357,462
Housing rental and related income	177,025	-	177,025	214,174
Workplace campaign	-	15,267	15,267	17,588
Interest and other income	2,708	-	2,708	19,351
Net assets released from restrictions:				
Satisfaction of time restrictions	16,837	(16,837)	-	-
Satisfaction of purpose restrictions	2,279,156	(2,279,156)	-	-
	<b>24,294,103</b>	<b>(1,570)</b>	<b>24,292,533</b>	<b>27,203,433</b>
<b>TOTAL SUPPORT AND REVENUE</b>				
<b>EXPENSES</b>				
Program Services:				
Domestic programs	1,008,479	-	1,008,479	1,281,785
American Indian programs	3,179,594	-	3,179,594	3,366,446
International programs	12,245,070	-	12,245,070	16,377,532
Housing programs	1,416,822	-	1,416,822	1,557,503
<b>Total Program Services</b>	<b>17,849,965</b>	<b>-</b>	<b>17,849,965</b>	<b>22,583,266</b>
Supporting Services:				
Management and general	138,843	-	138,843	136,153
Fundraising	5,234,716	-	5,234,716	3,774,091
<b>Total Supporting Services</b>	<b>5,373,559</b>	<b>-</b>	<b>5,373,559</b>	<b>3,910,244</b>
<b>TOTAL EXPENSES</b>	<b>23,223,524</b>	<b>-</b>	<b>23,223,524</b>	<b>26,493,510</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,070,579</b>	<b>(1,570)</b>	<b>1,069,009</b>	<b>709,923</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>(199,152)</b>	<b>13,031</b>	<b>(186,121)</b>	<b>(896,044)</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 871,427</b>	<b>\$ 11,461</b>	<b>\$ 882,888</b>	<b>\$ (186,121)</b>

The accompanying notes are an integral part of these financial statements.

CHRISTIAN RELIEF SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	Program Services				Supporting Services				2018 Total	2017 Total
	Domestic Programs	American Indian Programs	International Programs	Housing Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Donated relief materials	\$ 522,641	\$ 1,016,377	\$11,764,916	\$ -	\$13,303,934	\$ -	\$ -	\$ -	\$13,303,934	\$17,297,610
Printing and production	692	62,050	706	476	63,924	-	3,108,140	3,108,140	3,172,064	2,237,109
Cash grants – affiliates	260,000	1,500,000	200,000	-	1,960,000	-	-	-	1,960,000	2,383,373
Postage	-	21,581	-	-	21,581	612	1,177,561	1,178,173	1,199,754	820,368
Rent	22,613	22,613	22,613	732,870	800,709	14,238	38,019	52,257	852,966	811,904
Wages and fringe benefits	16,902	30,206	16,834	270,450	334,392	1,417	418,231	419,648	754,040	829,049
Procurement fees	83,653	403,857	67,000	-	554,510	-	-	-	554,510	705,472
Contract services	-	61,500	-	40,648	102,148	-	145,204	145,204	247,352	246,492
Office supplies, dues and subscriptions	6,530	3,604	528	27,404	38,066	10,055	170,886	180,941	219,007	211,507
Cash grants	71,055	1,525	106,000	17,745	196,325	-	-	-	196,325	153,665
List rental	-	-	-	-	-	-	122,056	122,056	122,056	79,779
Shipping	14,809	44,628	57,031	-	116,468	113	2,794	2,907	119,375	143,377
Homeowner association fees	-	-	-	88,018	88,018	-	-	-	88,018	103,363
Utilities	2,427	2,427	2,427	61,514	68,795	-	4,374	4,374	73,169	93,037
Interest expense	-	-	-	29,114	29,114	35,195	-	35,195	64,309	54,410
Payroll taxes	1,319	2,417	1,319	20,454	25,509	159	28,584	28,743	54,252	59,909
Professional and consulting	-	1,121	-	4,414	5,535	40,385	-	40,385	45,920	33,741
Repairs and maintenance	887	96	96	42,545	43,624	-	1,112	1,112	44,736	54,556
Meetings and travel	1,651	105	2,300	26,520	30,576	-	9,600	9,600	40,176	49,013
General insurance	2,552	2,552	2,552	14,245	21,901	4,431	2,281	6,712	28,613	30,325
Bank charges	-	-	-	-	-	26,100	1,177	27,277	27,277	26,616
Depreciation and amortization	-	760	-	16,827	17,587	-	-	-	17,587	17,570
Miscellaneous	-	1,427	-	7,321	8,748	4,166	3,540	7,706	16,454	11,813
Telephone	169	169	169	8,768	9,275	-	1,157	1,157	10,432	11,395
Real estate taxes	579	579	579	7,489	9,226	-	-	-	9,226	11,668
Provision for writedowns	-	-	-	-	-	1,972	-	1,972	1,972	16,389
<b>TOTAL EXPENSES</b>	<b>\$ 1,008,479</b>	<b>\$ 3,179,594</b>	<b>\$ 12,245,070</b>	<b>\$ 1,416,822</b>	<b>\$ 17,849,965</b>	<b>\$ 138,843</b>	<b>\$ 5,234,716</b>	<b>\$ 5,373,559</b>	<b>\$ 23,223,524</b>	<b>\$ 26,493,510</b>

The accompanying notes are an integral part of these financial statements.

**CHRISTIAN RELIEF SERVICES, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2019**

**(With Summarized Financial Information for the Year Ended June 30, 2018)**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,069,009	\$ 709,923
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	17,587	17,570
Recovery of doubtful accounts	(715)	(2,465)
Noncash contributions	(13,351,564)	(17,303,193)
Donated relief materials	13,303,934	17,297,610
Provision for inventory loss	-	6,470
Changes in assets and liabilities:		
Grants and contributions receivable	23,109	130,219
Accounts receivable	1,368	20,960
Due from affiliates	42,831	(19,896)
Prepaid expenses	1,991	16,989
Accounts payable and accrued expenses	23,048	32,388
Due to affiliates	(291,074)	147,020
Security deposits	(200)	(400)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>839,324</b>	<b>1,053,195</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(7,271)	(10,763)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(7,271)</b>	<b>(10,763)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	950,000	650,000
Payment on line of credit	(1,600,000)	(1,350,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(650,000)</b>	<b>(700,000)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>182,053</b>	<b>342,432</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>609,777</b>	<b>267,345</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 791,830</b>	<b>\$ 609,777</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	<b>\$ 64,309</b>	<b>\$ 54,410</b>

The accompanying notes are an integral part of these financial statements.



## CHRISTIAN RELIEF SERVICES, INC.

### NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2019

---

#### 1. Organization and Summary of Significant Accounting Policies

##### **Organization**

Christian Relief Services, Inc. (the Organization) was incorporated in February 1998, under the Virginia Nonstock Corporation Act, to provide funding, technical support services and donated relief materials to communities striving to break the stranglehold of poverty in order to achieve sustainable solutions. Many communities within the U.S., and throughout the world, suffer from a lack of basic infrastructure services – clean water, medicine, education and housing. On July 1, 1998, the Organization began operations as a 501(c)(3) organization approved by the Internal Revenue Service (the IRS) under the group exemption authority of Christian Relief Services Charities, Inc. (CRSC). The Organization works closely with partner charities, including, to a great extent, its affiliates and parent, individuals and nongovernmental organizations embedded in targeted communities, to determine effective ways of sharing resources and creating long-term solutions to the alleviation of human suffering, misery, pain and disability in the world by advancing and improving the welfare of all persons while preserving native heritages, customs and beliefs, which includes the acquisition of low-income housing and developing, renovating and managing housing for persons of limited means, the chronically, mentally and/or physically challenged and the elderly. The Organization receives most of its support from cash contributions from the public, contributed relief materials and relief materials purchased at a discount.

##### **Basis of Accounting and Presentation**

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

##### **Cash and Cash Equivalents**

Cash and cash equivalents include demand deposits, money market accounts and all highly liquid investments with initial maturities of three months or less.

##### **Property and Equipment and Related Depreciation and Amortization**

Property and equipment are recorded at cost or, if donated to the Organization, are recorded at the estimated fair value at the time of donation. Depreciation and amortization on furniture, office equipment, computer software and vehicles are provided using the straight-line method over the estimated useful lives, ranging from three to seven years. Leasehold improvements are recorded at cost and amortized over the shorter of the lease term or useful life. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and amortization, and any gain or loss is reflected in revenue or expenses in the accompanying statement of activities. Major additions with a cost in excess of \$1,000 and useful life in excess of one year are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

---

1. Organization and Summary of Significant Accounting Policies (continued)

**Net Assets**

The net assets of the Organization are classified as follows:

- Net assets without donor restrictions represent funds that are available for support of the Organization's operations.
- Net assets with donor restrictions represent amounts that are subject to donor-imposed restrictions to be used for various programs or within a specific time period. These donor restrictions can be temporary in nature in that they will be met by the Organization's activities or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor stipulated that the funds must be maintained in perpetuity. As of June 30, 2019, the Organization had no net assets that were required to be maintained in perpetuity.

**Revenue Recognition**

Gifts and grants of cash and other assets are recognized as revenue at their net realizable value when an unconditional promise to give is received by the Organization. The Organization reports gifts and grants of cash and other assets as revenue without donor restrictions and available for general operations, unless specifically restricted by the donor.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets for purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Workplace campaign contributions with payments due in future years are reported as revenue with donor restrictions in the accompanying statement of activities.

Revenue recognized for contributions that have been committed to the Organization but have not been received is reflected as grants and contributions receivable in the accompanying statement of financial position. Grants and contributions receivable are reported net of an allowance for doubtful accounts. The allowance is based on historical collection experience and a review of the status of grants and contributions receivable. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

Wills and bequests are recognized at the time an unassailable right to the gift has been established, the proceeds are measurable and the Organization accepts the gift. Amounts that have not been collected as of year-end are included in grants and contributions receivable in the accompanying statement of financial position.

The Organization has cost-reimbursable grants with U.S. government and state agencies. Revenue from these grants is recognized as allowable costs are incurred. Costs incurred, but not yet reimbursed or billed, under these grants and contracts are reported as grants and contributions receivable in the accompanying statement of financial position.

**Continued**

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

---

1. Organization and Summary of Significant Accounting Policies (continued)

**Revenue Recognition (continued)**

Housing rental income is recognized as rents become due. All contracts between the Organization and the tenants of the Organization's properties are considered operating leases. Service fee income is recognized as the contractual payments become due from clients who reside in the Organization's transitional and supportive housing programs and is included in housing rental and related income in the accompanying statement of activities. Amounts that have not been collected as of year-end are included in accounts receivable in the accompanying statement of financial position.

**Contributed Relief Materials, Donated Services and Housing and Inventory**

Contributed relief materials received by the Organization consist of food, clothing, hygiene products, shoes, school supplies, bedding, medicine, medical equipment and medical supplies and are recorded as revenue and contributed relief materials inventory at their estimated fair value at the time of receipt. Upon donation to CRSC's affiliates, the materials are expensed at their estimated fair value at the time of donation and are released from inventory. Inventory is stated at the lower of cost or net realizable value, as determined by the first-in, first-out method.

Donated housing is recorded at its comparable market value during the time of use.

The Organization's programs are also furthered by a substantial number of nonprofessional volunteers who have contributed their services to the Organization. The value of these services is not reflected in the accompanying financial statements because the contributed services do not meet the necessary criteria for recognition under GAAP.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of the Organization are reported as expenses of those functional areas. Salaries and benefits that benefit multiple CRSC affiliates have been allocated among the CRSC affiliates based on estimates determined by management to be equitable. Occupancy and depreciation expenses are allocated by the square footage used by each affiliate. All other shared costs are recorded in the parent company and not allocated since the amounts are not significant to the financial statements of the affiliates.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

---

1. Organization and Summary of Significant Accounting Policies (continued)

**New Accounting Pronouncement**

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for nonprofit organizations. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to the summarized comparative information presented for the year ended June 30, 2018.

2. Grants and Contributions Receivable

Grants and contributions receivable consisted of the following amounts as of June 30, 2019:

State grants receivable	\$ 28,167
Federal grants receivable	21,439
Contributions receivable	<u>14,887</u>
Total Grants and Contributions Receivable	64,493
Less: Allowance for Doubtful Accounts	<u>(3,426)</u>
Grants and Contributions Receivable, Net	<u>\$ 61,067</u>

All receivables are due to be collected within one year.

3. Contributed Relief Materials Inventory

The Organization's contributed relief materials inventory consisted of the following as of June 30, 2019:

Clothes and shoes	\$ 119,524
Hygiene products	35,183
Medical supplies	34,106
Blankets	<u>8,712</u>
Total Contributed Relief Materials Inventory	<u>\$ 197,525</u>

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

---

4. Property and Equipment

Property and equipment consisted of the following as of June 30, 2019:

Furniture, office equipment and software	\$ 79,247
Leasehold improvements	66,031
Vehicles	<u>44,580</u>
Total Property and Equipment	189,858
Less: Accumulated Depreciation and Amortization	<u>(157,172)</u>
Property and Equipment, Net	<u>\$ 32,686</u>

Depreciation and amortization expense was \$17,587 for the year ended June 30, 2019.

5. Line of Credit

The Organization has a line of credit agreement with a financial institution in the amount of \$1,500,000. The line of credit is secured by personal property and guaranteed by CRSC. On July 26, 2019, the agreement was modified to extend the maturity date to July 27, 2021. The Organization is also required to comply with certain financial covenants. As of June 30, 2019, there was no outstanding balance on this line of credit and the Organization was in compliance with the financial covenants. Interest accrues on the unpaid principal at the variable rate of the bank's prime rate plus 0.5% or 3.5% per annum, whichever is higher. Interest expense paid on this line of credit was \$64,309 for the year ended June 30, 2019, and the interest rate was 4.91% as of June 30, 2019.

6. Net Assets with Donor Restrictions

As of June 30, 2019, net assets with donor restrictions consisted of \$11,461 restricted for future periods.

7. Contributed Relief Materials

The Organization records all contributed relief materials at their estimated fair value at the date of donation. During the year ended June 30, 2019, donated relief materials were used for the following programs and are included in donated relief materials in the accompanying statement of functional expenses:

International programs	\$ 11,764,916
American Indian programs	1,016,377
Domestic programs	<u>522,641</u>
Total Contributed Relief Materials	<u>\$ 13,303,934</u>

Continued

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

---

8. Transactions with Affiliates and Related Parties

**Rent Expense**

Effective July 1, 1999, the Organization entered into an agreement with Christian Relief Services of Virginia, Inc. (CRS Virginia), an affiliate of CRSC, for the use of housing units owned by CRS Virginia for the Organization's transitional housing program. The Organization is charged a monthly fee for use of the housing units. The term of the agreement is one year with 30 automatic one-year extensions, unless written notice is given within 30 days. Rent and other housing related fees were \$728,400 for the year ended June 30, 2019, which are recognized as donated housing and included in rent expense under housing programs in the accompanying statement of activities.

**Contributions**

The Organization is an affiliate of CRSC. The Organization and CRSC share a common board. The Organization acts as the fundraising arm for CRSC and its affiliates. The Organization raises both cash and noncash contributions for CRSC and its affiliates, and the contributions are distributed to the entities based on program objectives and need.

During the year ended June 30, 2019, the Organization made noncash contributions of contributed relief materials to the following affiliates, which are included in the accompanying statement of functional expenses:

Bread and Water for Africa, Inc.	\$ 11,764,916
American Indian Youth Running Strong, Inc.	1,016,377
Americans Helping Americans, Inc.	<u>522,641</u>
Total Contributed Relief Materials Donated to Affiliates	<u>\$ 13,303,934</u>

During the year ended June 30, 2019, the Organization received noncash contributions of contributed relief materials from American Indian Youth Running Strong, Inc. totaling \$24,008.

During the year ended June 30, 2019, the Organization made cash contributions to the following affiliates, which are included in the accompanying statement of functional expenses:

American Indian Youth Running Strong, Inc.	\$ 1,500,000
Americans Helping Americans, Inc.	260,000
Bread and Water for Africa, Inc.	<u>200,000</u>
Total Cash Grants to Affiliates	<u>\$ 1,960,000</u>

During the year ended June 30, 2019, the Organization received cash contributions from the following affiliates, which are included in the accompanying statement of activities:

Christian Relief Services/21 <sup>st</sup> Century Campaign, Inc.	\$ 3,859,486
CRSC	352,007
CRS Housing Preservation	<u>100,000</u>
Total Cash Contributions from Affiliates	<u>\$ 4,311,493</u>

Continued

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

---

8. Transactions with Affiliates and Related Parties (continued)

**Contributions (continued)**

As of June 30, 2019, the Organization had a receivable due from American Indian Youth Running Strong, Inc. of \$232 and from CRSC of \$886, which is included in due from affiliates in the accompanying statement of financial position.

As of June 30, 2019, the Organization had payables due to CRS Virginia of \$4,683, which is included in due to affiliates in the accompanying statement of financial position:

9. Concentration of Credit Risk

The Organization maintains its cash and cash equivalents with certain commercial financial institutions, in which the aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation insured limit. As of June 30, 2019, the Organization exceeded the maximum limit insured by the FDIC by approximately \$305,000. The Organization monitors the creditworthiness of these financial institutions and has not experienced any credit losses on their cash and cash equivalents.

10. Availability of Resources and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2019, were as follows:

Cash and cash equivalents	\$ 791,830
Grants and contributions receivable, net	61,067
Accounts receivable	6,114
Due from affiliates	<u>1,118</u>
Financial Assets Available to Meet	
General Expenditures Within One Year	<u>\$ 860,129</u>

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and receivables, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$1,500,000, of which the full amount was unused and available to draw upon as of June 30, 2019.

Continued

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

---

11. Homes for the Homeless

Safe Places is a 24-month transitional housing program serving families who have become homeless as a result of domestic violence. The mission of this program is to provide such families with safety and shelter while empowering them to break the cycle and live free from abuse. CRS Virginia, an affiliate, owns 20 group homes, which the Organization leases from CRS Virginia. The Organization manages the operations of the homes. During the year ended June 30, 2019, the Organization incurred \$1,104,958 of operating expenses for the houses and recognized \$545,400 as a contribution of donated housing from CRS Virginia. In addition, the Organization leases three homes from CRSC. These homes are utilized in a program operated by the Organization that provides housing to formerly homeless, chronically mentally and/or physically challenged individuals. During the year ended June 30, 2019, the Organization recognized \$80,400 as a contribution of donated housing from CRSC for these homes.

The Organization also leases an apartment complex from CRSC. The apartment complex is utilized in a program operated by the Organization that provides housing to low-income individuals. During the year ended June 30, 2019, the Organization recognized \$102,600 as contributions of donated housing from CRSC related to the apartment complex. During the year ended June 30, 2019, the Organization incurred \$95,550 of operating expenses for the apartment complex.

12. Pension Plan

Employees of the Organization are eligible to participate in a 401(k) plan sponsored by CRSC after 60 days of service. Under the terms of the defined contribution plan, eligible employees may elect to contribute up to the federal tax limitation. The plan has the following employee deferral and matching provisions:

<u>Elective Deferral</u>	<u>Employer Matching</u>
1%	150% of employee contribution
1% – 3%	100% of employee contribution
3% – 6%	50% of employee contribution

Employees are immediately vested in employer contributions. During the year ended June 30, 2019, retirement expense related to the plan was \$20,021, which is included in wages and fringe benefits in the accompanying statement of functional expenses.

13. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended June 30, 2019, as the Organization had no taxable net unrelated business income.



**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

---

13. Income Taxes (continued)

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertainty in income tax positions taken for the year ended June 30, 2019, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. There are currently no audits for any tax periods in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in tax positions, if any, in interest or income tax expense. As of June 30, 2019, the Organization had no accruals for interest and/or penalties.

14. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

15. Reclassifications

Certain 2018 amounts have been reclassified to conform to the 2019 financial statement presentation.

16. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 5, 2019, the date the financial statements were available to be issued. Other than the line of credit extension discussed in Note 5, there were no subsequent events that require recognition or disclosure in these financial statements.